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LOCAL COMMENT

House plan sets state business taxes right

By JAMES M. NICHOLSON

For 20 years, Michigan's business taxes have been like the weather: Everybody has talked about how bad they are, but nobody has done much about them.



James M. Nicholson

That's what makes the proposal now under consideration in the Michigan House of Representatives a fairly remarkable achievement. For years, everybody has griped about our Single Business Tax and personal property tax, the two major business taxes, because they meant companies that invested in Michigan or created new jobs in Michigan paid more taxes.

That notion is turned on its head in the plan being proposed by the leadership of the House, crafted largely at the direction of Speaker Andy Dillon, that includes pieces from various plans introduced earlier this year. This proposal says that every time a company invests more in the state, or

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hires a new employee, the company will get a cut in its taxes. Companies that move investment or jobs out of the state but still sell products inside the state will see their taxes increase.

It's just common sense. Business benefits from a state that works — a state with a good education system, safe roads, strong police and fire protection, good hospitals.

Businesses located here and employing Michigan workers contribute mightily to that "civilized society" that business needs to thrive, and that Oliver Wendell Holmes Jr. said is paid for with taxes.

Companies that don't employ workers or invest in the state, but sell into our state, need to pay their fair share. This proposal protects those markets by ensuring that all businesses are paying

fairly to sustain an infrastructure that contributes to prosperity.

The tax cuts of the last decade, which have moved Michigan into the middle of state rankings when it comes to business taxes, are preserved under this plan. It even includes a provision that requires a rebate to business if the proposal raises significantly more than current tax laws.

Michigan's business taxes have historically funded both state and local governments. The House solution will continue that important commitment, ensuring that local governments and schools continue to get their share of state business taxes.

In our state, we recognize that small businesses deserve a little extra help as they get started. The House solution would keep the current exemption from taxes for the first \$350,000 of gross re-

ceipts by a small business, then gradually phase in taxes until a business has \$700,000 of gross receipts.

The House plan encourages investment and job creation in Michigan, fosters small businesses, preserves past tax cuts, and prevents a major state windfall due to modeling errors. The House plan will prevent the erosion of major local and state public services that businesses need.

This proposal looks like the solution to our state's business tax problems that we have long been waiting for. Now it is time for our elected officials in Lansing to move quickly, putting in place this smart and fair tax plan and removing the cloud of uncertainty that has hovered over Michigan's business tax climate for many months.

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